



**TE ARA  
AHUNGA ORA**  
Retirement Commission



# Briefing to the Incoming Minister of Commerce and Consumer Affairs

February 2023



**Te Kāwanatanga o Aotearoa**  
New Zealand Government

# Ngā Ihirangi

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# Kupu Whakataki

## Introduction

Hon Dr Duncan Webb  
Minister of Commerce and Consumer Affairs

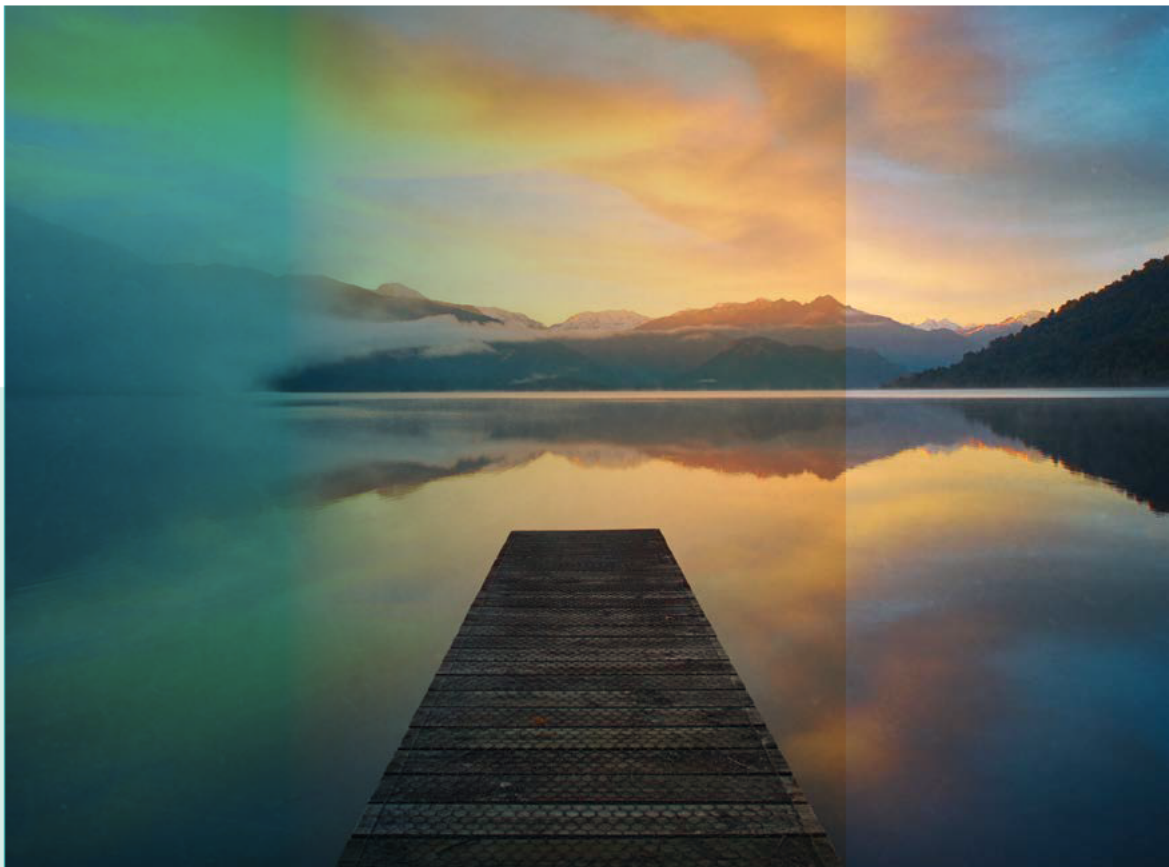
Congratulations on being appointed the Minister of Commerce and Consumer Affairs. This briefing provides an overview of the work of Te Ara Ahunga Ora Retirement Commission including our functions and operating environment, our current priorities, strategic issues and opportunities.



Jane Wrightson

**Mana Ahungarua**  
Retirement Commissioner

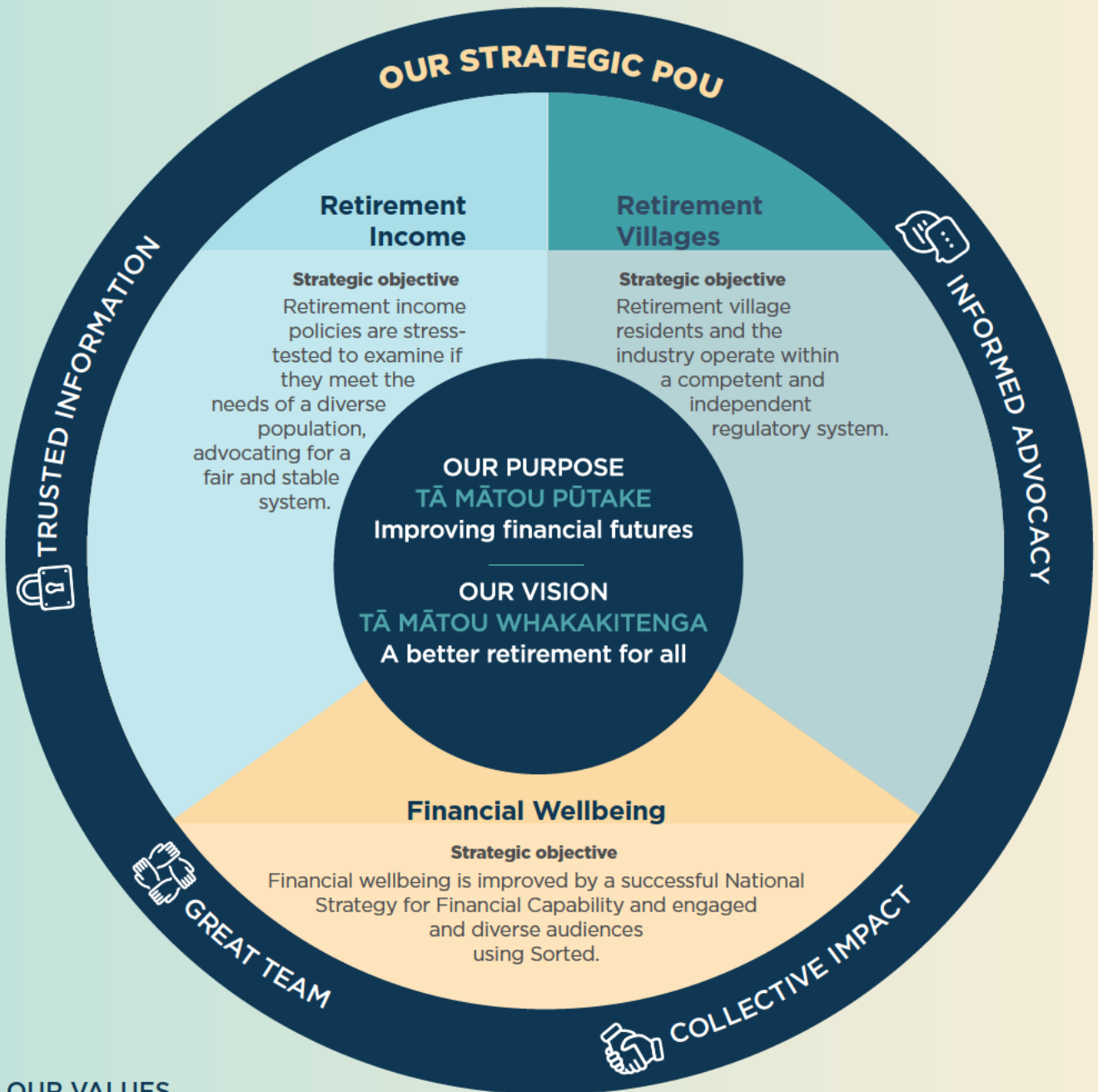
23 February 2023





# Our strategy at a glance

Our strategic framework shows what drives us as an organisation and what we are aiming to achieve. We summarise it, for simplicity, in a plan on a page.



## OUR VALUES





# Whakarāpopototanga Matua

## Executive summary

Te Ara Ahunga Ora Retirement Commission is a small organisation that does a big job. Our aim is to improve New Zealanders' financial futures so ultimately a better retirement is enjoyed by all.

We do this through advice, influence, and advocacy: a three-yearly review of retirement policies presented to Government and related policy work; leading the sector-wide National Strategy for Financial Capability; by supplying trusted, independent information through the Sorted suite of services; and by monitoring the regulatory framework for retirement villages.

We lead the National Strategy for Financial Capability which involves stakeholders from community, industry, iwi and government, who are working with us to align financial capability messages and services to help New Zealanders in many different circumstances. Active Ministerial support is important for this.

- In August 2023 we will lead out the sector-wide Money Month, expanding from the previous Money Week
- In March 2024 in Auckland, we will have our second National Strategy conference which we hope will be opened by the Minister
- And we are on a cycle of continuous improvement for Sorted.org.nz

The policy focus in 2022 was the Review of Retirement Income Policies (RRIP) and we will concentrate attention on NZ Superannuation in the coming year. Cross-government coordination on retirement policies is essential and the 2022 RRIP clearly explained the importance of keeping the current age of eligibility for NZ Superannuation.

- We are awaiting the Government's response to the Recommendations in the 2022 RRIP which we look forward to receiving.

We are stretched as a small organisation, under increasing cost pressures, but deliver valued outputs. Two recent external governance and effectiveness reviews have shown that we do a good job but need greater clarity on the role we play around financial capability, and the most cost-effective way of delivering on these functions both internally and across government. These reviews highlighted there is a clear need for improved government coordination of funding financial capability initiatives. As a result, a stocktake now underway of the financial capability initiatives currently funded by government is revealing numerous agencies involved, and a lack of coordination or utilisation of Te Ara Ahunga Ora's skills and experience (especially Sorted).

- We are looking for better cross-government coordination in financial capability funding rather than unconnected investment in new and varied approaches to the complex process of building financial capability.
- We also need a wider range of more formal Ministerial connections for our activity - see the range on the calendar below.

Our public-facing work is underpinned by New Zealand's leading independent financial website sorted.org.nz which has been highly effective in helping New Zealanders review their financial situation during the current cost of living crisis and previously during COVID-19.

Our key reference and accountability documents are on our website here:

<https://Te.Ara.Ahunga.Ora.govt.nz/reviews-and-reports/corporate-reports/>

# Calendar

Timing	Description	Minister
2023	Focus on Māori in National Strategy for Financial Capability	Minister of Commerce & Consumer Affairs (MCCA) Minister for Māori Development
March 2023	Draft Statements of Intent and Performance Expectations submitted to MBIE	MCCA
March/ April 2023	First quarterly meeting between Minister and Retirement Commissioner (Q3)	MCCA
Feb to April 2023	Curriculum refresh of Mathematics, Statistics and English – Sorted in Schools team seeking to include financial capability in the curriculum	Minister of Education
April 2023	Q3 operating report provided to MBIE	MCCA
Expected around Q2	MBIE provides Minister with results of financial capability ‘stocktake’ of government funded activities	MCCA, Minister for Social Development, Minister of Education
By June 2023	Report on operational settings of NZ Superannuation released	Minister for Social Development
August 2023	Money Month	MCCA
September 2023	Draft Annual Report including Q4 results provided to MBIE	MCCA
September 2023	HUD provides report on legislative review of Retirement Villages Act	Minister for Housing
October 2023	Q1 operating report provided to MBIE	MCCA
January 2024	Q2 operating report provided to MBIE	MCCA
March 2024	Launch of refreshed National Strategy for Financial Capability at National conference	(Ministerial attendance is invited) MCCA
April 2024	Q3 operating report provided to MBIE	MCCA
September 2024	Draft Annual Report including Q4 results provided to MBIE	MCCA
October 2023	Q1 operating report provided to MBIE	MCCA
2024	Focus on Pacific Peoples in National Strategy for Financial Capability	MCCA, Minister for Pacific Peoples
By December 2024	Minister provides Terms of Reference for 2025 Review of Retirement Income Policies	MCCA
2025	Next reporting on key indicators of ‘Better Later Life’ strategy by Office for Seniors	Minister for Seniors
2025	Retirement Commission undertakes 2025 Review of Retirement Income Policies	MCCA

# PART ONE

## About us

### Who we are

The Retirement Commissioner is an autonomous Crown entity with functions set out in the New Zealand Superannuation and Retirement Income Act 2001 and the Retirement Villages Act 2003. Our organisation Te Ara Ahunga Ora Retirement Commission houses the people who undertake these tasks.

We are a small organisation with a broad mandate, taking a long-term and holistic view to retirement-related issues, as envisaged by the Todd Report in 1992 that saw the need for an independent voice with a long-term horizon. Our main funding is from government, and a small amount comes from delivering financial education programmes in workplaces and communities.

Retirement Commissioner Jane Wrightson took up her position in February 2020 and her second term expires in February 2026. The Te Ara Ahunga Ora leadership team is detailed at Appendix 1. Our appropriation is just over \$8.6m and our small team of 37 is primarily based in Auckland.

Te Ara Ahunga Ora seeks **a better retirement for all**. Te Ara Ahunga Ora translates to 'the pathway to developing long-term wellbeing'. It reflects that people are on a financial journey and no one's journey is the same.





We work in three key areas, aligned to our statutory obligations:

## Retirement Income

We **advocate for a system that serves the diversity of New Zealanders** by conducting a three-yearly review for government, uncovering emerging issues and calling for action, promoting debate on retirement challenges, and driving shared evidence to measure the impact of policy changes.

## Retirement Villages

We **oversee a fair regulatory framework** by flagging issues and reporting on sector trends, supporting dispute resolution, and tackling issues through sector collaboration.

## Financial Wellbeing

We **promote the importance of long-term thinking** by leading the National Strategy for Financial Capability, supplying trusted, independent information through Sorted, and equipping stakeholders with insights that add value.



# What do we know about the over 65s?

The research undertaken for the 2022 Review of Retirement Income Policies revealed three stories of retirement.

The **first story** is the dominant narrative we are likely familiar with – a house owned outright with its occupants expecting a long and often healthy retirement – the basis the NZ Superannuation payment is premised. However, the 2022 RRIP research revealed that only 50% of the over 65s are owner-occupiers of a fully paid off house. This number is expected to decline, as home ownership rates are at a historic low, and home ownership varies greatly by ethnicity with much lower rates for Pacific People and Māori.

The **second story** is the one missing from above. It is those struggling to get by in retirement, even where a home is owned outright, with people generally living just on NZ Super and perhaps being ‘asset rich but cash poor’. NZ Super is relied upon by 40% of retirees and a further 20% only have a little more. It is also the story of a brief retirement, often the case for Māori and Pacific Peoples, whose life expectancy is shorter than Pākehā.

The **third story** of retirement is an emerging one. It is the story of an increasing number of older people paying rent – 100% more by 2048 compared to 2020. While this was always a reality for many Māori and Pacific Peoples (challenging the dominant narrative of retirement) it is now the case for a growing number of people. It is also the story of continuing to pay a mortgage after age 65 – currently the case for 1 in 5 people of that age group. Currently, a third of people over 65 are either paying rent or mortgage repayments.

Around 15% of the over 75s live in retirement villages.

The key messages from the findings of the Review is the importance of NZ Super to older people, and the impact that any change to the age of eligibility would have on Māori and Pacific People, who often do not live to receive it now.


## Government funding for financial capability

In the 2020 BIM, we highlighted our concern about how government funds financial capability, and the risk of wasting taxpayer funds with duplication and wheel-reinvention. As one result from the Martin Jenkins review (see below), MBIE and Te Ara Ahunga Ora recently started a ‘stocktake’ process to identify all the financial capability initiatives currently undertaken by agencies: these number at least 40.

The previous Minister agreed that Te Ara Ahunga Ora requires greater clarity in its role and focus relative to other government agencies who also operate in the areas of Financial Capability. The Minister also secured support from the education and social development Ministers to undertake the stocktake work and rationalisation of the Government’s role in this space.

Some of these are major investments such as the Ministry of Social Development’s ‘Building Financial Capability’ (BFC) scheme, which among other things, funds many of the nationwide budget advice services that help people, families and whānau experiencing hardship to build their financial capability and resilience (\$39.2 million investment over four years in B20). Another example is the Ministry for Pacific Peoples, who received a Pacific housing package of up to \$41.3 million in B20 to improve housing for Pacific families and their communities, which includes a component on building financial capability (part of which will be delivered as a combined project with Te Ara Ahunga Ora that recognises our expertise in this area). Smaller examples include new investor research and promotions by the FMA, and the Figure it Out series of resources prepared by the Ministry of Education.

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# Te Ara Ahunga Ora – current state

As a small organisation that does a big job we are stretched. The responsibilities outlined above require a range of staff and resources, creating many 'key person' risks, and meaning opportunities to do more are missed. Despite this, recent external reviews have identified us to be an organisation that delivers valuable outputs and is well regarded. The first was a governance review conducted by Westlake Consulting, requested by the Retirement Commissioner because we do not have a board. The Westlake review proposed establishing a governance Advisory Body, which we intend to do this year. The Retirement Commissioner will work reduced hours to focus on strategy and has appointed a Chief Operating Officer to focus on operations.

- The Retirement Commissioner would like to discuss advisory body membership preferences with you.

The second was an Efficiency and Effectiveness review undertaken by Martin Jenkins. It suggested there was a need to determine Te Ara Ahunga Ora's role in the financial capability space against other activity and funding being given to different initiatives across government, and then, what the allocation of funding should look like (noted above). It also concluded we need to consider how to best use accumulated reserves built up over COVID-19 and should continue to invest in cyber security initiatives, and upgrades of existing systems and platforms in line with digital best practice, security, privacy, data, and procurement guidelines.

Te Ara Ahunga Ora has not received a general increase in baseline funding in the last decade and will look to draw on the findings from the stocktake to inform a budget bid in Budget 2025. We did not receive additional funding during the COVID-19 pandemic, although usage of Sorted increased significantly, and we continue to see a strong role for Sorted during the current cost of living crisis. People need impartial information they trust. That means it must come from government and not from someone trying to sell them a product or service. Sorted customers want more, are becoming more diverse, and their preferred method of receiving information and education is changing.

We also need to show more thought leadership in retirement income policy, something that can only be achieved by more specialised and expert staff, and funding to undertake more research and promote discussion around the findings.

- We look forward to discussing the opportunities for growth at Te Ara Ahunga Ora that align with government priorities.

## Our partners

We collaborate with a range of community, government, industry, and NGO stakeholders to strengthen joint efforts towards raising financial capability across New Zealand.

We lead sector thinking through the National Strategy for Financial Capability. The National Strategy involves a collection of more than 150 organisations engaged in providing financial education, support and advice and includes government, corporate, education and non-profit entities.

We work with the FMA, among others, to align investor relations work, with the Financial Capability Trust (FinCap) and others to align community work, and MBIE and MHUD to ensure they are aware of our work and of emerging issues.

Internationally, Te Ara Ahunga Ora actively participates in the work of the OECD through membership of the Working Party on Private Pensions, the International Network for Financial Education, and in the development of policy and measurement tools for financial capability.





# PART TWO

## 2023-24

### Priorities

#### Who we focus on

To help us focus on where best to target consumer-facing effort and resources we use an audience segmentation model we have developed based on our consumer research.

We target the “exposed” segment through Sorted – the social spenders, active budgeters, and aspirational acquirers – because these segments are both in need of information and encouragement and also have the means to act. We give particular focus to Māori, Pacific Peoples, women, and young people, because for a number of reasons, outcomes for many in these cohorts are poorer.

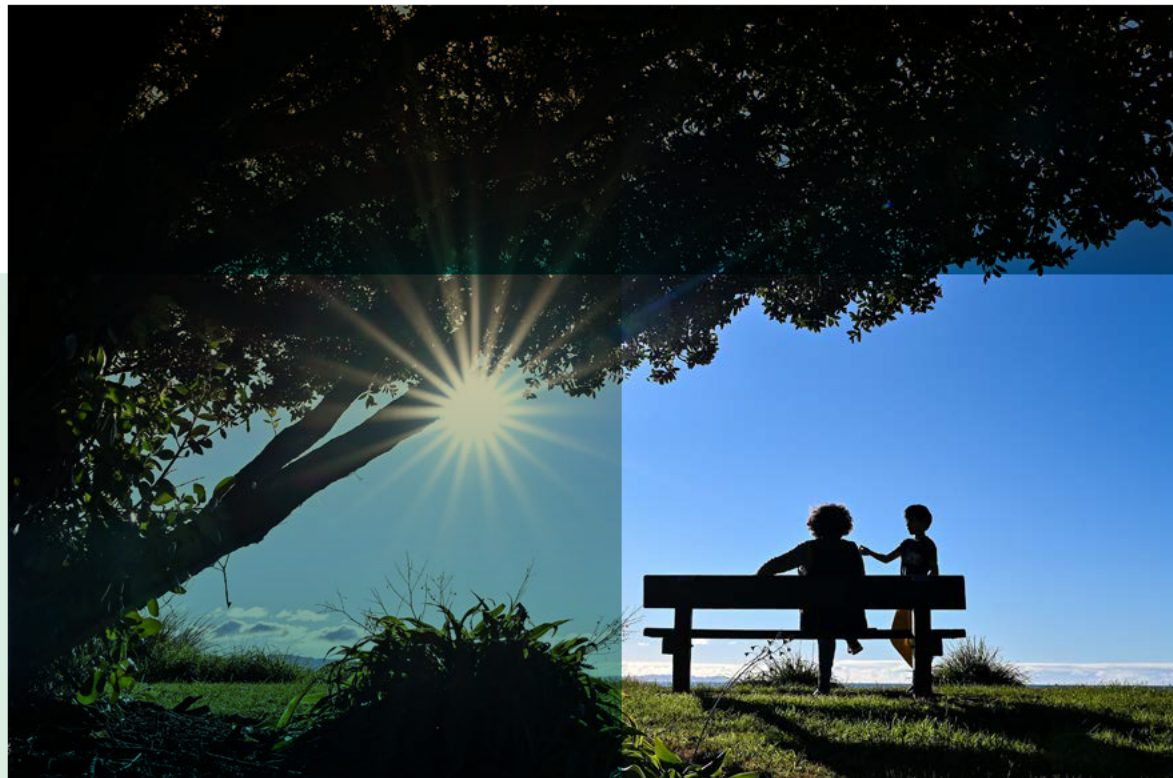
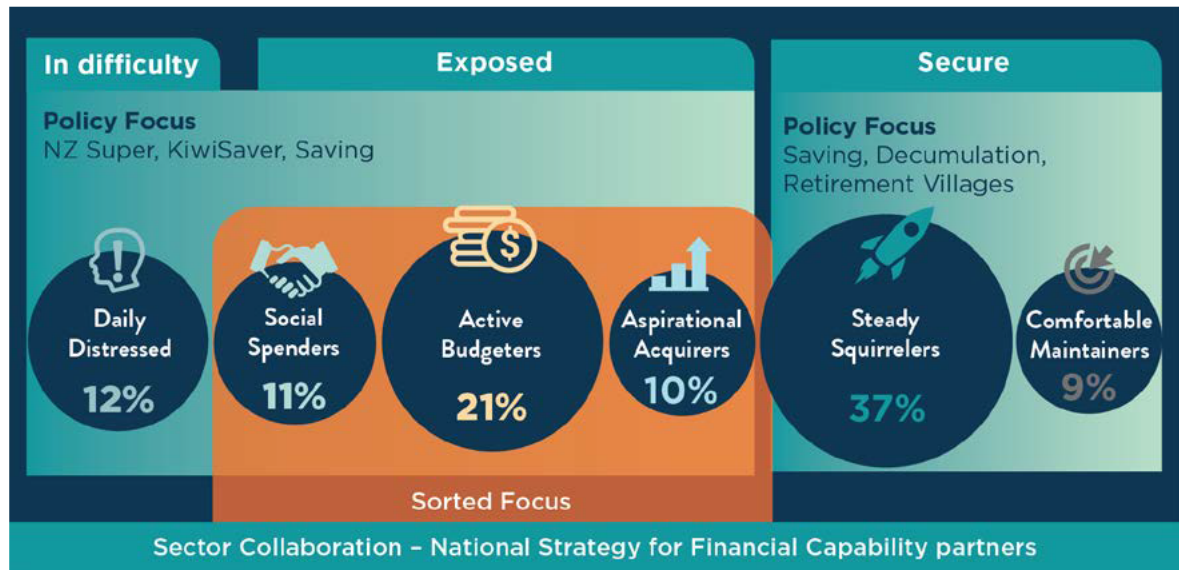
We also use these segments in our policy work to focus activity, and to encourage National Strategy partners to focus and coordinate their work.



The six audience segments are:

- Daily distressed: financially stretched, no savings, unable to plan ahead
- Social spenders: spend more than they earn, generous, spontaneous
- Active budgeters: conscientious spending, unlikely to own home, focus on family
- Aspirational acquirers: enjoys their money, less thought to saving, relatively high income
- Steady squirrels: financially comfortable, cautious about both saving and spending
- Comfortable maintainers: good personal savings, fewer unproductive financial products

### Audience Segmentation – financial wellbeing



# What we do

## Financial Wellbeing

### Sorted

Our flagship activity is the **Sorted website**. Since 2001 Sorted.org.nz has become a trusted source of free, impartial and independent financial information and resources for the 1.4+ million New Zealanders who use it every year. We steer users to information, guides, and tools using ongoing marketing and communications in news media and digital channels.

**Sorted in Schools**, Te whai hua – kia ora is our free financial education programme with a vision to equip all young New Zealanders for their financial future. Te whai hua – kia ora, Sorted in Schools was launched in 2019, and now has 78% New Zealand secondary schools and 81% of kura taking part. Available for students in Years 9-13, it is aligned with the curriculum and available in both English and te reo Māori. It is taught by teachers as part of day-to-day classes in diverse subjects, educating students about money management, saving, debt, goal setting, KiwiSaver, insurance, investing and retirement. We also engage proactively with the Ministry of Education and other education partners on curriculum development work or relevant sector initiatives to avoid duplication and encourage collaboration.

**Sorted in Communities** is primarily focused on both Māori and Pasifika cohorts using an holistic lens focused on housing. We deliver face-to-face and online courses in partnership with agencies such as Te Puni Kōkiri and the Ministry for Pacific Peoples. Culturally appropriate, and relevant to each group's needs, we've celebrated many case studies of families shedding crippling debt, meeting savings goals for their children's future, and even gaining home ownership. The first year of our Pacific Peoples Pathways to Homeownership programme launched in 2022 has had more than 300 households participate.

Sorted at Work includes a suite of courses and seminars designed to lift the financial capability of employees. Annually, we deliver through trained facilitators around 200 programmes to more than 4000 participants across 100 organisations.

### National Strategy for Financial Capability

The National Strategy provides a shared direction for financial capability, along with a practical framework for how sector stakeholders can work together to achieve the greatest impact by strategic alignment and effective coordination across government, industry, and community.

Our intensive efforts with the revised National Strategy for Financial Capability<sup>1</sup> has effectively created a cross-sector co-lab that has achieved a number of successes, such as the Financial Services Council's 'It starts with action' campaign in 2022, which focused on how the financial services industry supports and engages with its female clients and staff. The priority audience changes each year, moving to Māori this year with a significant initiative led by the NZ Banking Association, and Pacific People in 2024. The National Strategy will be refreshed again in 2024.

### Research

We provide analysis and conduct and commission a range of research that we publish to improve knowledge and understanding. In 2022, we published the most detailed ever breakdown of KiwiSaver balances, by age and gender, revealing a gender savings gap across all ages (even the under 17s). This generated much media attention and has prompted ongoing discussion and debate about how to resolve the gender pensions gap. This year we will be releasing research on the prevalence of a 'total remuneration' approach by employers.

We have commenced a series of Policy Papers on KiwiSaver (and also on NZ Super) to provide descriptive information on the current policy settings and consider potential alternative settings. These provide a useful resource for reference by other government agencies, academics, and commentators.

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<sup>1</sup> National-Strategy-2021-booklet.pdf (retirement.govt.nz)



We regularly conduct and commission research on different elements of the financial lives of older people. Alongside the research for the 2022 RRIP we released an '[Older People's Voices](#)' research paper and in the coming year we will focus on improving the data available for expenditure in retirement.

Our 'Tracker' is an ongoing survey of New Zealanders on their financial behaviours, attitudes, and experiences, in other words, how people feel about money. We publish findings from it here - [Financial Capability Research | Retirement Commission Te Ara Ahunga Ora](#).

## Retirement Income

Te Ara Ahunga Ora is an informed advocate in helping New Zealanders prepare well for retirement and for various important aspects of older people's lives.

### Retirement Income Purpose Statement

In 2020, the Retirement Commissioner launched the first purpose statement that operates as a foundation to evaluate and discuss New Zealand's two-tier retirement income framework, and to inform public understanding.

As well as acting as a guide for Te Ara Ahunga Ora's policy work, we advocate for its use by other government and non-government organisations working in areas affecting retirement.

## NZ retirement income purpose statement

A stable retirement income framework enables trust and confidence that older New Zealand residents can live with dignity and mana, participate in and contribute to society, and enjoy a high level of belonging and connection to their whānau, community and country.

To help current and future retirees to achieve this, a sustainable retirement income framework's purpose is twofold:

1. To provide NZ Superannuation to ensure an adequate standard of living for New Zealanders of eligible age. NZ Super is the Government's primary contribution to financial security for the remainder of a person's life.
2. To actively support New Zealanders to build and manage independent savings that contribute to their ability to maintain their own relative standard of living.

The retirement income system sits within the broader government provision of infrastructure also needed to enable older New Zealanders to live well, such as health care, housing, and transport.



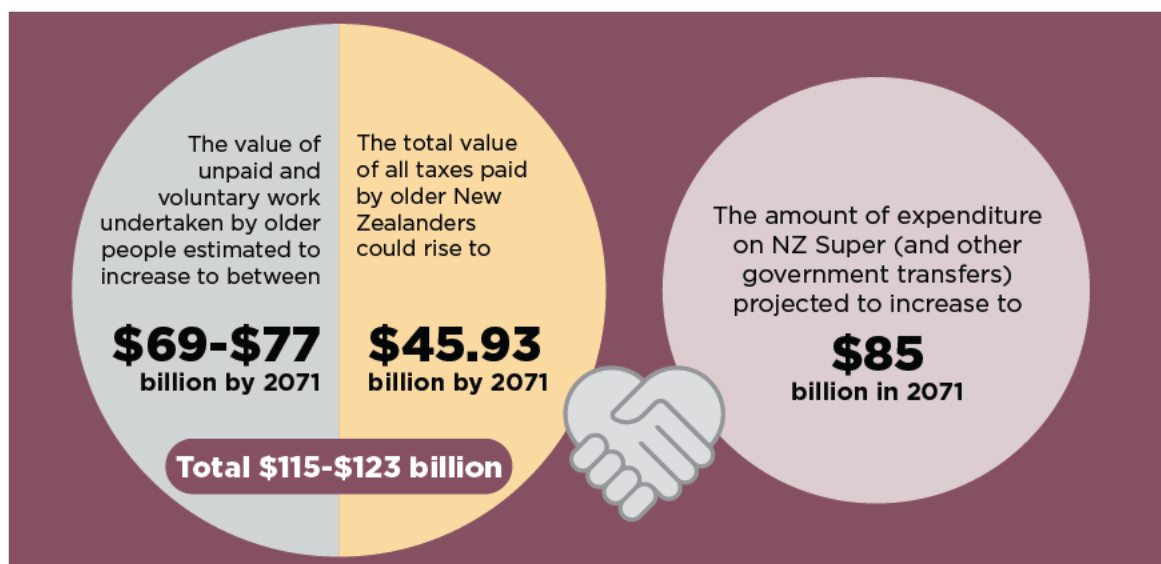
## Triennial reviews of retirement income policies (RRIP)

These are required by statute. We are looking forward to the Government's response to the 2022 review.<sup>2</sup>

### NZ Superannuation policy settings

NZ Super is the Government's primary contribution to financial security for a person's later life and ensures an adequate standard of living for New Zealanders of eligible age.

There is sometimes debate about the ongoing affordability of NZ Super and calls for the age of eligibility to increase. There is less discussion around the value of NZ Super.



The key recommendation in the 2022 RRIP was to maintain the current pension age for a number of reasons. First, the question of 'affordability' needs to be considered against the protection it provides from poverty, and the amount over 65s contribute through their taxes (NZ Super is subject to PAYE) and voluntary work in their communities.

Second, the issue of lower life expectancy for Māori and Pacific Peoples, means any increase would disproportionately impact these groups. Alternative support would be required for those people unable to stay in paid work after age 65. Finally, to provide the trust and confidence highlighted in the purpose statement, any changes need to be well signaled, giving people time to make other arrangements (where possible).

Other recent debate has focused on those 'stranded seniors' that were outside New Zealand's borders during COVID-19 and found themselves exceeding MSD's standard 26-week limit for permissible time outside New Zealand. MSD subsequently started to demand refunds from those who had been out of the country for longer than 30 weeks (in line with the legislation). The Retirement Commissioner advocated for this cohort and challenged the administrative process being followed by MSD resulting in the discretion that existed being applied. As a result of these events, we are undertaking work to consider the current legislative settings and document the experiences of people involved to determine whether any changes are required to reflect the 21st century mobility and global way of life.

<sup>2</sup> RRIP\_2022.pdf (retirement.govt.nz)

## KiwiSaver policy settings

With more than three million members, KiwiSaver appears to be a popular scheme, but only 1,938,233 members made contributions to their funds in 2021/22.<sup>3</sup> We have analysed who does not contribute to KiwiSaver and this is directly related to paid work:

- 23% of non-contributors are stay at home parents
- an additional 34% are not in paid work for other reasons
- 9% are students or self-employed.

This clearly shows the policy design features of KiwiSaver as an employment-related retirement savings scheme. It results in balances that reflect peoples' different labour market participation: on average, lower balances for women than men due to the gender pay gap, part-time work, and career breaks.

The 2022 RRIP included recommendations to support women's retirement savings through KiwiSaver.

## Retirement Villages

### Retirement Villages legislative review

The sector structure around retirement villages is complex, involving different regulatory instruments - acts, regulations, and codes - and many different agencies. No agency has full and active pan-sector oversight. Issues range across financial, consumer protection, health care, and regulatory alignment. Currently Te Ara Ahunga Ora serves an unmet need for informal disputes advice and support for retirement village residents, and fields regular inquiries from older New Zealanders about pension issues, older workers, and other problems encountered.

In 2020 we issued a White Paper that explored the issues raised by residents and their families for several years. It attracted more than 3000 submissions. Subsequently the Minister for Housing agreed to a full review of the Retirement Villages Act 2003, which had not been reviewed since its introduction, which is now underway and due to report back by September. We are supporting HUD as they lead this work.

At a high level, the review is considering whether the current Act and all its parts remain fit for purpose to ensure:

- adequate consumer protections for residents and intending residents of retirement villages (including when weekly fees should cease after a resident moves on from the residence)
- an effective balance between the rights and responsibilities of residents and operators of retirement villages (residents are neither tenants nor owners under a license to occupy)
- the on-going viability of the retirement village sector and its ability to provide a range of retirement housing options and consumer choice

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<sup>3</sup> Financial Markets Authority (KiwiSaver-Annual-Report-2022.pdf (fma.govt.nz) Page 2



# Appendix 1: The Team

Our team is committed to helping New Zealanders and working collectively to build a strong organisation. The full Te Ara Ahunga Ora team is listed here:

[Our people | Retirement Commission Te Ara Ahunga Ora](#)

The leadership team meets weekly to discuss operational matters and monthly to address governance and strategic matters.

Retirement Commissioner	<b>Jane Wrightson</b>	Wellington/Auckland
Chief Operating Officer	<b>Nick Thomson</b>	Auckland/ Hamilton
Director Policy	<b>Dr Suzy Morrissey</b>	Wellington
Kaihautū/Director Māori Development and Acting Director of Financial Capability	<b>Erin Thompson</b>	Rotorua/Auckland
Director Marketing	<b>Vanessa Morris</b>	Auckland
Director Stakeholder Relations	<b>Anika Forsman</b>	Auckland

## Te Ara Ahunga Ora Retirement Commission

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